



August 31, 2015

TO: Honorable Mayor and City Council

FROM: Vicky Rudy, City Manager



RE: Submission of Proposed FY 2016 Annual Budget

I am pleased to submit for final approval the FY 2016 Annual budget. The budget, and subsequent tax rates, have been set with careful consideration of the existing economic conditions and based on medium growth conditions through FY 2016. The City has experienced at growth rate in sales tax of approximately 11% during Fiscal Year 2015. This budget projects a flat sales tax for Fiscal Year 2016 comparable to actual sales tax receipts for FY 2015. This is a safe projection at a time when sales taxes statewide are flat and no significant new sales tax collecting entities are anticipated in 2016.

This budget is responsive to the Council's desire to continue to lower tax rates. It is the fourth consecutive year to lower taxes. Taxes have been lowered or remained flat since FY 2009.

**THE CITY COUNCIL OF THE CITY OF OAK RIDGE NORTH HAS SET A TAX RATE OF \$0.2223 PER ONE HUNDRED DOLLARS IN VALUATION FOR INTEREST AND SINKING (DEBT SERVICE FUND) AND \$0.2375 PER ONE HUNDRED DOLLARS IN VALUATION FOR MAINTENANCE AND OPERATIONS. THIS TAX DOES EXCEED THE EFFECTIVE RATE BUT DOES NOT EXCEED THE ROLLBACK RATE.**

**THIS TAX RATE WILL RAISE \$732,068. THIS IS \$28,252 LESS TAX DOLLARS FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THE TAX RATE WILL LOWER TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$45.60.**

It is a structurally balanced budget designed to match revenues and resources with expenditures, while ensuring that we maintain services. This budget also addresses the ongoing need to maintain our infrastructure and reduce debt.

The budget continues planned contributions to the capital improvements reserve fund from the operations and maintenance budget. The General Fund is budgeted to transfer \$425,000. The Water and Sewer Fund is budgeted to transfer \$582,603 in depreciation and impact fees, for a total improvement in capital reserves of \$1,007,603.

## **REVENUES AND EXPENDITURES**

### Revenues

The FY 2016 budget revenues for the General Fund are \$4,899,222. The FY 2015 budget (as amended) revenues for the General Fund are \$4,838,043. This is an increase of \$61,179 or 1.3%. This is attributed to keeping revenues flat in building permit revenue, court revenue, and sales tax revenue.

The FY 2016 budget revenues for the Water and Sewer Fund are \$2,008,559. The FY 2015 budget revenues (as amended) are \$1,604,522. This is an increase of \$404,037 or 25.2%. This increase is due to pass through fees by the San Jacinto River Authority project and the planned increases to water and sewer rates in order to capture depreciation expenses.

The FY 2016 budget revenues for all operating funds total \$6,907,781. The FY 2015 budget (as amended) revenues for all funds totaled \$6,442,565. This is an increase in overall revenue from the FY 2015 of \$465,216 or 7.2%.

### Expenditures

The FY 2016 budget expenditures for the General Fund are \$4,731,788. FY 2015 budget (as amended) expenditures were \$4,552,245. This is an increase in overall expenditures of \$179,543 or 3.9%. A 3.9% is reflective of the City's commitment to hold costs at the lowest possible level while continually adding to our staff in order to keep up with the growth in the City.

The FY 2016 budget expenditures for the Water and Sewer Fund totals \$1,329,412. FY 2015 budget (as amended) expenditures were \$1,200,917. This is an increase in overall expenditures of \$128,495 or 10.7%. A major factor of the increase in expenditures is due to rising costs of SJRA surface water and ground water fees.

The FY 2016 budget expenditures for all operating funds total \$6,061,200. FY 2015 budget (as amended) expenditures were \$5,753,162. This is an increase in overall expenditures of \$308,038 or 5.3%.

### Transfers

Transfers from the Economic Development Corporation (EDC) for FY 2016 are budgeted at \$161,021. The budget (as amended) transfer for FY 2015 was \$149,108. This is an increase of \$11,913 from FY 2015 or 8.0% increase. This increase is due to increases payments to the City for administrative costs, including salary and benefits for the Economic Development Director and proposed changes to pool management.

An intrafund transfer to the General Fund from the Water and Sewer Fund for administrative costs is budgeted at \$96,545. In FY 2015 the transfer was \$88,094. This is an increase of \$8,451 or 9.6%. This transfer is calculated at 10% of total General Fund administrative cost.

### **CAPITAL FUND EXPENDITURES**

Capital Fund expenditures of \$3,684,428 are detailed with the understanding that \$745,000 will be financed by the Economic Development Corporation. Projects financed through the existing Certificates of Obligation are detailed. Total estimated funds available for capital improvements are \$4,652,874.